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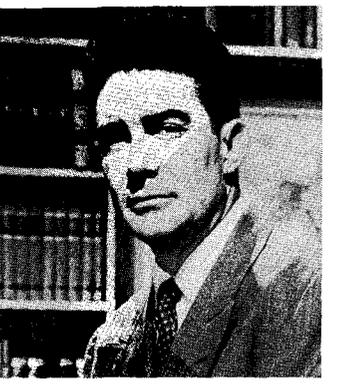

DAN SMOOT

TOWARD A SOCIALIST DICTATORSHIP

The Area Redevelopment Administration (an unconstitutional, extravagant failure) is to become the Economic Development Administration, which will be equally unconstitutional, more extragavant; and thereby hangs a tale.

Producing and spending for World War II created in the United States an economic boom which continued to gather strength after the war ended. Yet, by 1950, despite the generally soaring prosperity, there were ominous signs of danger ahead. Key industries were dying, or fleeing to foreign countries, leaving pockets of unemployment and severe depression in the United States. Federal programs were responsible for these economic conditions.

Foreign aid, which built the industrial and economic power of foreign nations at our expense, placed such burdens on Americans that the cost of doing business in the United States skyrocketed. Foreigners, using the production facilities which our government had handed them, began to capture world markets, including the domestic American market.

American industries, taxed to subsidize cheap-labor foreign products, started closing their American factories and moving abroad. The federal government encouraged this disastrous trend by granting special tax privileges to American firms going overseas.

Foreign-trade policies of the federal government also helped foreigners and handicapped Americans. Foreigners, whose industries had been built with American tax money, protected their markets against American imports; but our government, under the "reciprocal trade" program, made it easy for foreign goods to enter the American market.

Our government made it possible for foreign factories to obtain American agricultural products at prices below what American factories paid.

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Big unions — enjoying monopolistic power and special privileges granted by federal labor laws — helped create American payroll costs ranging upward of ten times the payroll costs of rival foreign industries.

The heavy burden of taxes for welfare programs added greatly to the cost of American products.

American industry was also saddled with the tremendous cost of keeping records, collecting taxes, and making reports for a multitude of agencies administering an appalling welter of government programs. Prior to World War I, only one worker in 40 was engaged in paperwork for American business. By 1950, one worker in six was doing paperwork — most of it required by government.

By the mid-1950's, government programs had created so many depressed areas that the country appeared to be on the road to ruin. Politicians whose programs had caused the condition were the shrillest in demanding that something be done; but not one of them ever suggested stopping the programs doing the damage. Instead, they suggested accelerating the programs causing depressions, and then mollifying depressed areas with handouts from the federal treasury.

"Area redevelopment" was a part of this remarkable program of stabbing American citizens, then giving them federal money as balm for their wounds. The phrase, area redevelopment, was first widely used in 1955 when the Joint Economic Committee (composed of U. S. Senators and Representatives) recommended accelerated programs of federal spending on public works to redevelop depressed areas, and special federal subsidies to stimulate "private" economic activity. Senator Paul H. Douglas (Illinois Demorcrat) introduced area redevelopment legislation, but his bill died in committee.[1]

The next year (1956), President Dwight D. Eisenhower recommended a less extravagant program than the one proposed in 1955. The Senate passed a bill to implement President Eisenhower's recommendation, but the bill died in the House.[1]

In 1957, both Democrats and Republicans introduced area redevelopment bills; but none was passed. Area redevelopment had become a bitter political issue between liberal Democrats and liberal Republicans.[1]

In 1958, President Eisenhower asked Congress for a 50 million dollar federal loan program to help depressed areas. The Democrat controlled Congress passed a bill providing 280 million dollars for loans and gifts. Eisenhower vetoed the bill.[1]

From early 1959 until May, 1960, Congress argued about area redevelopment; then it passed a bill providing 251 million dollars for loans and gifts to depressed areas. President Eisenhower vetoed that bill, and asked Congress to authorize his own program. Democrats could not muster enough votes to override the President's veto of their bill. Republicans could not muster enough votes for the President's area redevelopment proposal.[1]

The 86th Congress adjourned in 1960 without enacting area redevelopment legislation; and federal aid to depressed areas became a campaign issue between Richard M. Nixon and John F. Kennedy. Nixon advocated federal loans to depressed areas. Kennedy advocated both loans and gifts. Nixon said his was the free-enterprise approach and that Kennedy's proposals were extravagant and socialistic. Kennedy said Nixon's proposals were too little and too late.[1]

An Area Redevelopment Act was introduced on the first day of the 87th Congress in January, 1961. Both houses of Congress passed the Act; and President Kennedy signed it into law on May 1, 1961. The act created ARA—the Area Redevelopment Administration — and provided, initially, $394,000,000 for federal grants and loans to depressed areas.[1]

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In 1961, when the Area Redevelopment Act was passed, 103 areas were designated "depressed," eligible for aid. In January, 1965, there were more than 1000 depressed areas — including the original 103.[2] Obviously, the ARA drive to redevelop depressed areas was moving in reverse.

Urban renewal, though older than area redevelopment and not administered by the ARA, was an integral part of the over-all program to revitalize depressed areas. Urban renewal has also been a monumental failure. Between 1950 and 1960, urban renewal projects destroyed 126,000 homes, of which 25,000 were not even considered substandard. Only 28,000 new housing units were built to replace the 126,000 that were destroyed. Many of the new 28,000 units were high-priced rental units which could not be used by the 609,000 individuals displaced by urban renewal projects. The majority of the 609,000 just moved to other areas and created more problems.[3]

Dr. Martin Anderson, assistant professor of finance at Columbia University Graduate School of Business, comments on the failure of urban renewal:

"The federal urban renewal program has made little significant progress. Our cities are not deteriorating, and housing conditions are not getting worse. In fact, we have witnessed a fantastic increase in housing quality in the United States.

"In 1940, 51 per cent of our housing was classified as standard; in 1950, 63 per cent was; and in 1960, fully 81 per cent was standard . . . .

"Virtually all of this increase in housing quality was accomplished by private construction, rehabilitation and demolition efforts that resulted from the investment of massive amounts of private funds in housing. These investments were in no way connected with the federal urban renewal program . . . .

"By any objective measure, the indications are that our cities—in overall terms—are continually improving and that today they are better than they ever were before.

"Compare the costs and consequences of urban renewal to the concrete results of free enterprise. Contrary to the claims of urban renewal proponents, the program has aggravated the housing problem for those it purports to help, it has not 'revitalized' cities, and its costs are immense—both in terms of dollars and the destruction of personal liberty."[3]

Area redevelopment was just another cynical means of buying votes with taxpayers' money. It was an unconstitutional invasion of the rights of states and of the personal liberties of individuals. It was an enormous waste of tax money; and it failed grotesquely to provide material blessings which its sponsors had promised. All of this being known fact, would President Johnson ask Congress to extend ARA before it expired on June 30, 1965? The following editorial from *The Dallas Morning News* gives an illuminating answer to that question:

"After four years of trial and error—during which time it spent some 435 million dollars, strayed widely from its original purpose and offended numerous state and local groups by pinning a 'depressed' label on many well-to-do communities—the Area Redevelopment Administration is scheduled to die a well-deserved death . . . .

"Apparently Congress is going to let the ARA 'die'—though the death will be in name only. President Johnson has proposed legislation which would allow the agency to live on under a new name. The Senate passed the bill and sent it to the House, where final passage is expected shortly. This is an old trick to perpetuate the life of many a federal bureau that has outlived its usefulness but not its desire to continue spending the taxpayers' money. The name-change trick has been used several times to keep the foreign-aid program alive. Each time that program has reached a new low in popular support it has been reorganized under another banner. Recently the Senate approved yet another reorganization of the foreign-aid program.

"This is precisely what the President proposes

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to do with area redevelopment . . . . ARA will be known as EDA—the 'Economic Development Administration'—if the President's proposal is accepted by Congress. A new name is not the only change that Mr. Johnson has requested. The redevelopment agency would get a complete—and expensive—face-lifting.

"When the job is done, the EDA will be in charge of a new 'grab-bag of grants, loans and technical aid projects' that, according to the Wall Street Journal, will make the work of the ARA seem 'pretty puny' by comparison. A few of the changes anticipated in the face-lifting plan are as follows:

"—While the ARA was given a total of 435 million dollars in its 4-year lifespan, the new EDA would be given an appropriation of 665 million dollars per year for five years—a grant of 3,325 million dollars.

"—To avoid the ARA problem of requiring that areas be 'depressed' before they could qualify for federal funds, nobody will be asked to give proof of poverty to get on the EDA dole. This will eliminate the awkwardness and embarrassment some rather prosperous communities such as Beverly Hills, California, had experienced when they were officially designated as 'depressed areas' for ARA's purposes to qualify for handouts. Besides, notes the Journal, 'voters live in rich areas too.'

"—Normally, ARA projects have been financed on a 50-50 basis with the federal government and the localities putting up an equal amount of funds. Under the new program, the federal government would put up 60 per cent through EDA, and in some cases as much as 80 per cent. EDA would also guarantee low-cost loans for businesses and help them pay the interest on money borrowed from private lenders—something the ARA was never allowed to do.

"So there is no 'death' of the redevelopment program. As the Wall Street Journal noted, we now see a practical application of 'the familiar Washington theory that when you can't find a way to make a government program better, then just make it bigger.' "[4]

The bill to transform the Area Redevelopment Administration into the Economic Development Administration was passed by the Senate on June 1, 1965, by a stand of 78 to 17. It is known as the Public Works and Economic Development Act of 1965, and, as the *News* editorial indicates, is expected to pass in the House.[5]

It will authorize expenditure of 3 billion, 325 million federal tax dollars over a five-year period —to develop waterworks, sanitary and storm sewers, industrial parks, police and fire stations, tourism facilities, airports, watershed protection, flood prevention projects, residential streets, hospitals, vocational education facilities, community centers.[5]

The Public Works and Economic Development Act of 1965 also authorizes the Secretary of Commerce to designate "economic development regions" which would cross state lines, and authorizes the Secretary to "invite and encourage" states to plan development through multistate regional commissions.[5] This is, perhaps, the most sinister feature of the new EDA, making it infinitely worse than the ARA which it replaces.

Advocates of governmental planning would transform our union of sovereign states into something called Metropolitan America—a regionally planned, monolithically-unified nation, divided into a score of metropolitan areas which sprawl across state boundary lines. Each area will be ruled by a metropolitan government of appointed experts—who will receive their jobs, their orders, and their revenue from the Washington politburo.

We will have taken another long step toward such Metropolitan America when the new Economic Development Administration begins using tax money to "invite and encourage" regional planning through multistate regional commissions.

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Other Fronts In The Poverty War

The Economic Development Administration will represent only one aspect of President Johnson's schemes for urban development. Another aspect is the new Housing bill, which, this year, contains a novel feature called Rent Supplements. Notice what U. S. Representative Richard H. Poff (Virginia Republican) says on this subject:

"Congress is about to debate the President's new $6.3 billion Housing Bill. Don't mistake this for the same old washday product. It's bigger and better—and it contains a new miracle ingredient! Rent supplements, it's called. And it will take all of the drudgery out of home ownership. Matter of fact, it will take out home ownership with it.

"Here's the plan. If you earn too much to qualify for low-rent public housing, Uncle Sam will pay part of your rent bill, provided you can convince him that you don't earn enough to afford decent private housing. The bureaucrats figure about 4 million families fall in this category, and they are asking for $500 million for cash payments to landlords for the first 4 years of the 40 year program. Don't despair if you count your income in 5 digits. They say families earning more than $10,000 may be able to qualify.

"Of course, there is that nasty little problem called a means test. You have to turn over all your personal records to the Feds to prove you're not too rich or too poor. And if next year, the boss should give you a raise, watch out. Be sure to report it. Might as well. If you don't, some neighbor will.

"But think what this can mean! No more grass cutting. No more snow shoveling. No more repairs. No more real estate taxes. No more fire insurance. No more mortgage payments. *And no more private home.* Just sell out, move into an apartment, let the landlord worry and let Uncle Sam pay the tab. Society, it is great!"[6]

Rent supplements, subsidized housing, urban renewal, aid to depressed areas—these are merely a few of the many fronts in President Johnson's war on poverty. Concerning the President's total scheme for this once-free nation, Richard Wilson comments (in a column distributed by The Register and Tribune Syndicate, April 18, 1965):

"'This is only the beginning,' Mr. Johnson said . . . as he signed the first bill in history for direct federal aid to primary and secondary education. He can repeat this when he signs the hospital care bill . . . .

"A beginning of what? It is the beginning of a massive expansion of the welfare state, adding many millions of men, women and children and institutions to the many other millions who are direct or indirect beneficiaries of the federal government. There is more to follow, even in the preliminary stages of the Johnson program. We have not seen anywhere near the full scope of an urban development program . . . .

"It is a grand scheme to give the cities a made-in-Washington look, with grants for sewers, streets, land acquisition and development, landscaping and beautifying projects, loans for neighborhood development, urban renewal, social service enterprises, housing rehabilitation, rent subsidies, standards for zoning, taxation and development, training of city planners, mayors, councilmen—all under the direction of a new government department to be called the Department of Housing and Urban Development which easily could outstrip the 7-billion-dollars-a-year Department of Agriculture in extending the helping hand.

"Along with this, of course, will go a certain amount of beneficent duress, the nature of which is now being revealed in certain other government programs. Federal funds for education and the war on poverty are now being held back in states and districts which do not comply with the federal time table for ending racial segregation. Three fourths of the plans submitted by Southern states are regarded as unsatisfactory by

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the Office of Education. Federal contributions for the National Guard will be cut off if more Negroes are not admitted . . . .

"Quarreling has already begun in the anti-poverty program as local officials snarl over a division of the spoils, and this is typical, too, of welfarism . . . .

"The question unanswered now is how much farther Mr. Johnson will feel that he can and should go. The surest guide may lie in his own words, 'this is only the beginning,' and his frequent, but vague, references to his yet unfulfilled dreams and aspirations."

U. S. Representative Richard H. Poff discusses political corruption as a conspicuous feature of the President's war on poverty:

"The recently declared war on poverty . . . . is riddled with waste, riddled with extravagance and riddled with war profiteering.

"Poverty experts, at fantastic salaries, have mushroomed all across the country. It is not too much of an overstatement to say that there are more generals than GI's in the army that is being raised to fight this war.

"Let me quote from a recent report on the poverty program issued by several members of the House Committee on Education and Labor:

" 'The community action program . . . has been turned into a political pork barrel by big city machines whose only interest in the poor is to exploit them . . . .'

"The report charges that the Office of Economic Opportunity is an administrative shambles in which astonishing numbers of highly-paid, casually-selected amateurs frantically attempt to patch together programs that will reflect a favorable image of Congress and the public . . . .

"The so-called war on poverty has been mostly talk with little action, the talkers with their high salaries being the principal beneficiaries.

"Chicago is certainly a case in point. There, according to the Reverend Lynward Stevenson, who testified before a Congressional subcommittee, the war on poverty is being run largely for the benefit of Mayor Richard Daley's political machine. The majority of those serving on the Chicago Committee for Urban Opportunity are on the city payroll or otherwise connected with the city government. It is being run by men who . . . drive Cadillacs, eat three-inch steaks and drink champagne at luncheon meetings . . . .

"[Yet] the President is asking Congress to double the program's size by raising spending to almost $2 billion in the next fiscal year.

"While only 1 out of 9 projects in the poverty program is even 35 per cent operational so far, the administrators are striking it rich. The Office of Economic Opportunity has spent a whopping 85 per cent of the $5.5 million budgeted for personnel and administration. And some of these tax dollars are going to $50 a day consultants who handle little more than routine correspondence."[7]

The Strategy of Surrender

Inasmuch as federal aid programs are not only unconstitutional and ineffective but are also arrogant usurpations of political and economic power from state and local governments, why do state and local governments take the aid and clamor for more? James J. Kilpatrick makes a cogent comment on that question (in a syndicated column published by *The Dallas Times Herald*, June 10, 1965):

"In one field after another, the lure of 'federal money' becomes overwhelming. It becomes politically impossible for local governing bodies to spurn a federal grant: Too much money is involved. Besides, state and local budgets are now heavily dependent upon subsidies from Washington; if these subsidies were abruptly cancelled,

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as Mr. Johnson threatens in the case of highway funds, it would be nothing short of castastrophic. The states will do what Big Daddy demands. They are hooked; they cannot wiggle free.

"For the past 30 years, since these programs of 'federal aid' really began to multiply, the states and cities have been nudged along by carrot and stick. Today the delectable carrot diminishes; and the Johnsonian stick gets longer all the time."

The attitude—that it is smart to surrender principle, in order to participate in the federal dole —was reflected recently by two local officials in Texas.

On May 24, 1965, Dallas City Manager Elgin Crull told the City Council that it should consider "a change of philosophy" in regard to federal-municipal relationships. He said:

"This will exist whether we agree with the final decisions of Congress on interference into local affairs.

"If we don't do it, then we double tax our own people to achieve the same thing . . . . They are paying federal taxes for these projects . . . . I doubt that we have the right to ask them to pay twice where federal grants are available."[8]

The projects he mentioned include federal aid for water purification, long-range planning, pedestrian walkways over and under busy streets, transit systems, housing programs, and the purchase of expensive tracts of land in the downtown area to create "green space."[8]

On May 16, 1965, the U. S. Office of Economic Opportunity approved 11,000 requests for "Project Head Start" funds. The total amount of tax money approved was $122,000,000—to pay most of the cost of pre-school education for underprivileged children. One of the 11,000 grants approved on May 16 went to Midland County, Texas; but Midland's "Project Head Start" was stopped shortly after it started—because mothers of children involved protested that their children were not underprivileged. School Superintendent Carroll Watkins defended his request for Project Head Start by saying:

"If the government was going to spend $122,000,000 of federal money on the program, I thought it was my responsibility to get . . . part of it."[9]

Mr. Crull and Mr. Watkins were wrong. It is the responsibility of all Americans who value liberty — and prosperity — to resist, relentlessly,

WHO IS DAN SMOOT?

Born in Missouri, reared in Texas, Dan Smoot went to SMU getting BA and MA degrees, 1938 and 1940. In 1941, he joined the faculty at Harvard as a Teaching Fellow, doing graduate work for a doctorate in American civilization. From 1942 to 1951, he was an FBI agent: three and a half years on communist investigations; two years on FBI headquarters staff; almost four years on general FBI cases in various places. He resigned from the FBI and, from 1951 to 1955, was commentator on national radio and television programs, giving *both* sides of controversial issues. In July, 1955, he started his present profit-supported, free-enterprise business: publishing *The Dan Smoot Report,* a weekly magazine available by subscription; and producing a weekly news-analysis radio and television broadcast, available for sponsorship by reputable business firms, as an advertising vehicle. The *Report* and broadcast give *one* side of important issues: the side that presents documented truth using the American Constitution as a yardstick. If you think Smoot's materials are effective against socialism and communism, you can help immensely—help get subcribers for the *Report,* commercial sponsors for the broadcast.

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every aspect of President Johnson's war on poverty. President Johnson is winning his war, but the war is misnamed. It is not a war against poverty. It is a war against the American constitutional system and against the freedom, independence, and prosperity of the American people. It will create in the United States a socialist dictatorship as complete and degrading, and as destructive of material prosperity, as any now existing in communist countries.

FOOTNOTES

(1) *Congressional Quarterly Almanac*, 1956, pp. 517-9; 1958, pp. 147-9; 1960, pp. 292-6; 1961, pp. 247-56; 1963, pp. 563-8

(2) "Report on the Appalachian Front," by Ken Thompson, *The Dallas Morning News*, February 3, 1965, Sec. 4, p. 4

(3) Special to the Times Herald from New York City, *The Dallas Times Herald*, May 8, 1965, p. 4B

(4) " 'Death' of ARA," *The Dallas Morning News*, June 18, 1965, p. 2D

(5) *Congressional Quarterly Weekly Report*, June 4, 1965, pp. 1050-2

(6) *Report from Washington*, by U. S. Representative Richard H. Poff (Rep., Va.), June 7, 1965

(7) *Report from Washington*, by U. S. Representative Richard H. Poff (Rep., Va.), June 21, 1965

(8) "New View Of Federal Aid Asked," by Carl Harris, *The Dallas Morning News*, May 25, 1965, p. 1A; "Federal Help? For What And Whom?", by Dick West, *The Dallas Morning News*, June 6, 1965, p. 2C

(9) " 'Head Start' Fails To Get Any Start," by Eddie S. Hughes, *The Dallas Morning News*, May 27, 1965, p. 19A

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